United Nations ST/AI/2011/8

Secretariat

28 July 2011

Administrative instruction

Review committees on contracts

The Under-Secretary-General for Management, pursuant to section 4.2 of Secretary-General's bulletin ST/SGB/2009/4 and for the purpose of implementing financial rule 105.13 (b) establishing contract review committees at Headquarters and other locations, promulgates the following:

Section 1
Definitions

For the purposes of the present instruction, the following definitions shall apply:

(a) "Authorized official" shall refer to an individual holding authority under the Financial Regulations and Rules of the United Nations;

(b) "Review committees on contracts" or "review committees" or "committees on contracts" shall refer to committees established pursuant to financial rule 105.13 (b). "Headquarters Committee on Contracts" shall refer to the committee established at Headquarters in New York. All other committees on contracts shall be referred to as "local committees on contracts";

(c) "Chair", "Acting Chair" or "Deputy Chair" shall refer to an individual presiding over the meetings of the committee on contracts. The Chair shall transmit the recommendations of the committee to the authorized official;

(d) "Threshold" shall refer to the proposed value of procurement action for which the advice of the Headquarters or local committee on contracts must be obtained. Any proposed procurement action valued below the thresholds set for the Headquarters and local committees on contracts shall not be subject to a review by the committee except at the request of the authorized official (see annexes I and II). "Income threshold" shall refer to the proposed value of procurement action that involves income to the Organization;

(e) "Acquisition process" shall refer to the steps necessary to acquire goods and services, inter alia, through planning, budgeting, conducting solicitations, obtaining approvals, entering into contract negotiations and carrying out contract fulfilment;

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(f) "Core requirements" shall refer to essential goods and services which by their nature lend themselves to local procurement and are not available through Headquarters contracts (see the United Nations Procurement Manual).

Section 2
Introduction

2.1 A review committee on contracts was established pursuant to Secretary-General's bulletin ST/SGB/6/Add.1 dated 26 November 1946. The bulletin was subsequently modified under the provisions of ST/SGB/Organization, annex I, of June 1976.

2.2 The purpose of the present instruction is to provide further clarity on the terms of reference of review committees on contracts at Headquarters, offices away from Headquarters, regional commissions and other offices and field missions of the United Nations.

Section 3
Authority and responsibility

3.1 As provided in financial rule 105.13 (b), the Under-Secretary-General for Management, or duly authorized officials under financial rule 105.13 (a), shall establish review committees on contracts.

3.2 Under the provisions of administrative instruction ST/AI/2004/1, the Under-Secretary-General for Management has delegated procurement authority under the Financial Regulations and Rules, notably rules 105.13 to 105.19, to the Assistant Secretary-General for Central Support Services, who in turn, through personal delegation of authority, has delegated the same authority to offices away from Headquarters, regional commissions and other offices, as well as to the Under-Secretary-General for Field Support, who then has delegated procurement authority to field missions and offices supported by the Department of Field Support.[1]

Section 4
Purpose, role and functions of review committees

4.1 Pursuant to the provisions of financial rule 105.13 (b), committees on contracts are established at Headquarters, offices away from headquarters, tribunals, regional commissions, other field offices and missions to render written advice on proposed procurement actions, which include agreements or other written instruments, such as letters of assist. Review committees on contracts shall also render written advice to authorized officials on proposed contracts that involve income to the United Nations. In accordance with financial rule 105.13 (c), where the advice of a review committee is required, no final action leading to the award or amendment of a procurement contract may be taken before such advice is received.

4.2 The review committees are an integral part of internal controls and serve as advisory bodies to the authorized officials in discharging their procurement-related responsibilities under the Financial Regulations and Rules.

[1] Pursuant to a delegation of authority, the Under-Secretary-General for Field Support is authorized to establish review committees in peacekeeping and political missions administratively supported by the Department of Field Support by applying the provisions in the present instruction.

4.3 The review committees shall perform the following functions:

(a) Review proposed procurement actions and income-generating contracts that are subject to review pursuant to section 9 below and advise authorized officials in writing if the principles set out in financial regulation 5.12 have been given due consideration and whether the proposed actions comply with all applicable financial regulations and rules, as contained in Secretary-General's bulletin ST/SGB/2003/7 and related administrative instructions and procurement policies, including those set out in the Procurement Manual. Those principles are:

(i) Best value for money;

(ii) Fairness, integrity and transparency;

(iii) Effective international competition;

(iv) The interest of the United Nations;

(b) Provide recommendations to authorized officials on whether to approve the proposed procurement action or income-generating contract;

(c) As may be considered necessary or advisable on the basis of reviews conducted, provide comments and other recommendations to authorized officials on the acquisition process.

4.4 Notwithstanding any other provisions contained herein, the review committees shall not provide advice on the adequacy or necessity of the requirements of the proposed procurement action. Such responsibility rests with other officials, including certifying officers and programme managers. Similarly, review committees are not responsible for determining how to conduct a particular procurement action. Such responsibility rests with the head of the procurement office at the duty station concerned.

Section 5
Composition

5.1 To the extent possible, the Headquarters Committee on Contracts shall be composed of staff members at the P-5 level and above, and local committees on contracts at the P-4 level and above.

5.2 The members and alternate members of the Headquarters and local committees on contracts shall have commercial, financial or legal academic training and experience or other relevant qualifications, including training in procurement.

5.3 It is mandatory for members of Headquarters and local committees on contracts to undertake general and specific training conducted by the secretariat of the Headquarters Committee on Contracts for which certificates of completion will be issued. The certificates are applicable to any other duty stations for purposes of eligibility to serve on the review committees. The secretariat of the Headquarters Committee on Contracts will be responsible for developing the training programme and making the training available to members of both Headquarters and local committees on contracts.

Headquarters Committee on Contracts

5.4 The Headquarters Committee on Contracts shall have five voting members serving in their individual expert capacity, including the Chair or the Deputy Chair. Each member shall have one or more alternates, who will serve in his or her absence.

5.5 Meetings of the Headquarters Committee on Contracts shall be chaired by the Chair or the Deputy Chair, both of whom shall be staff members of the Office of the Under-Secretary-General for Management and be nominated by the Under-Secretary-General for Management. In the absence of the Chair or the Deputy Chair, meetings can be chaired by another member nominated by the Chair or the Deputy Chair.

5.6 In addition to the members from the Office of the Under-Secretary-General for Management, a member and four alternate members shall be appointed to the Headquarters Committee on Contracts from each of the following offices or departments:

(a) Office of Programme Planning, Budget and Accounts;

(b) Office of Legal Affairs;

(c) Department of Economic and Social Affairs;

(d) Department of Peacekeeping Operations.

Local committees on contracts

5.7 The local committees on contracts shall have four voting members serving in their individual expert capacity. Each member shall have one or more alternates who will serve in his or her absence, including the Chair.

5.8 The Chair and the members shall be appointed by the Head of Administration of the concerned office away from Headquarters, regional commission or other office or the Director or Chief of Mission Support of a field mission supported by the Department of Field Support. Taking into account local circumstances, normally local committees on contracts should have members with the following comparable functions:

(a) Finance or Budget Officer;

(b) Legal Officer;

(c) Administrative Officer;

(d) Programme Management Officer.

5.9 In appointing members, member qualifications should be taken into consideration (see sect. 5.2 above).

5.10 The heads of Administration or the Directors or Chiefs of Mission Support shall be responsible for ensuring that members of local committees on contracts receive training by the secretariat of the Headquarters Committee on Contracts prior to their appointment.

Section 6
Recusal

Members of the committees on contracts shall recuse themselves from reviewing cases where they have a requisitioning role or where there is a conflict of interest.

Section 7
Tenure

Except for the Chair and Deputy Chair of the Headquarters Committee on Contracts, members shall serve the review committees for a maximum term of three years, renewable once, for a maximum of six years. After two successive appointments, a member shall be ineligible for reappointment to the review committees for a period of one year. There shall be no limit to the total number of terms a staff member may serve as a member.

Section 8
Quorum

For all review committees, a quorum for conducting business shall exist when three members are present.

Section 9
Types of proposed procurement actions subject to review

Headquarters Committee on Contracts

9.1 The Headquarters Committee on Contracts will review the following types of proposed procurement actions:

(a) Any award to a single contractor in respect of a single requisition or a series of related requisitions that in total exceeds the Committee's threshold of $500,000 (with some exceptions, as indicated in annex I) in contract value during the term of the contract, including any optional extension periods;

(b) Any amendment, modification or renewal (hereinafter "modification") of a contract reviewed by the Headquarters Committee on Contracts where the modification increases the previously approved not-to-exceed contract value by more than 20 per cent, or $500,000, whichever amount is lower;

(c) Any modification of a contract previously reviewed by the Headquarters Committee on Contracts where, in the judgement of the Director of the Procurement Division, such modification would significantly affect the procurement process that led to the original contract award or the original contract terms. The Committee shall review such proposed modification with reference to the criteria on which the original award was approved;

(d) Any modification not previously submitted to the Headquarters Committee on Contracts where the aggregate contract value now exceeds the Committee's threshold;

(e) Any letter of assist with a Member State if its value exceeds $200,000;

(f) Any other matter relating to a proposed procurement action or contract referred to the Committee by the authorized official.

9.2 The Headquarters Committee on Contracts will review the following types of proposed income-generating contracts:

(a) Any contract or series of related contracts that involve income to the Organization of $40,000;

(b) Any modification of an income-generating contract previously reviewed by the Headquarters Committee on Contracts which results in an increase or decrease in income during a calendar year by 20 per cent or more;

(c) Any modification of a contract previously reviewed by the Headquarters Committee on Contracts where, in the judgement of the Director of the Procurement Division, such modification would significantly affect the procurement process that led to the original contract award or the original contract terms. The Committee shall review such proposed modification with reference to the criteria on which the original award was approved;

(d) Any modification of an income-generating contract not previously reviewed by the Headquarters Committee on Contracts where, as a result of the modification, the income from the contract now exceeds $40,000;

(e) Any other matter relating to a proposed or existing income-generating contract referred to the Headquarters Committee on Contracts by the authorized official.

9.3 The provisions in section 9.2 (a), (b) and (d) above shall not apply to contractual provisions resulting from recommendations of the Property Survey Board.

9.4 The authorized official may from time to time modify the Committee's threshold and income threshold as required.

Local committees on contracts

9.5 The provisions of sections 9.1 to 9.3 shall apply, mutatis mutandis, to local committees on contracts, except that their threshold shall be as indicated for all offices away from Headquarters in annex II and the income threshold specified in section 9.2 (a) shall be $10,000.

Section 10
Secretariats of the Headquarters and local committees on contracts

Headquarters Committee on Contracts

10.1 The Committee shall be supported by a secretariat, headed by the Chair of the Committee. The secretariat shall be responsible for organizing and servicing meetings of the Committee and preparing meeting minutes and recommendations for final approval of authorized officials.

10.2 The Chair is responsible for, inter alia, the following:

(a) Approving case submissions for inclusion on the agenda;

(b) Reviewing submissions prior to meetings to ensure the completeness of case submissions;

(c) Convening and chairing meetings;

(d) Bringing to the attention of authorized officials issues relating to fairness, integrity and transparency throughout the acquisition process;

(e) Notifying the Director of the Procurement Division of presentations rejected or deferred by the Committee, specifying the reasons therefor;

(f) Submitting minutes and recommendations for approval to authorized officials within 10 business days of the conclusion of the meeting;

(g) Nominating a member of the Committee to serve as Acting Chair in the absence of both the Chair and the Deputy Chair;

(h) Supervising and managing the work of the Committee's secretariat and advising authorized officials on substantive developments and related issues.

10.3 The Secretary of the Committee is not a member and services the Committee in a non-voting capacity. Under the general supervision of the Chair, the Secretary shall perform, inter alia, the following functions:

(a) Arranging and coordinating meetings;

(b) Ensuring the timely and efficient distribution of presentations and relevant documentation to members;

(c) Drafting meeting minutes and recommendations;

(d) Liaising with the Procurement Division and field offices on issues involving procedures, requesting additional information or clarifications to presentations and transmitting any enquiries raised by members regarding case presentations under review;

(e) Maintaining a permanent and secure record of all minutes, recommendations and case presentations reviewed by the Committee;

(f) Compiling statistics on the workload, activities and other matters pertaining to the Committee's functioning.

10.4 The secretariat is tasked with performing the following functions at the request of the authorized official or the person acting on his or her behalf:

(a) Analysing the Committee's recommendations and identifying systemic trends and issues in the acquisition process;

(b) Monitoring the proper functioning of the local committees on contracts, including those established by the Under-Secretary-General for Field Support pursuant to delegation of procurement authority;

(c) Conducting field assessments of the local committees on contracts, in consultation with the Procurement Division and the Department of Field Support;

(d) Conducting periodic training of review committee members and secretaries;

(e) Servicing the administrative body to be established on a pilot basis to review vendor procurement challenges.

Local committees on contracts

10.5 The secretariats of the local committees on contracts shall, mutatis mutandis, have the same responsibilities as described in paragraphs 10.1 to 10.3 above.

Section 11
Procedures

The Headquarters Committee on Contracts shall establish its own rules of procedure within the framework of the present administrative instruction, and the local committees on contracts shall, mutatis mutandis, adhere to them in discharging their responsibilities.

Section 12
Final provision

The present administrative instruction shall enter into force on the date of its issuance.

(*Signed*) Angela **Kane**
Under-Secretary-General for Management

Annex I

Value of proposed procurement awards that require review by the Headquarters Committee on Contracts

Type of cases	*Threshold*
All cases	$500,000
Letters of assist	$200,000
Exceptions	
Capital master plan	$5,000,000 for all contract amendments
Short-term logistics and transportation requirements (sea and air charter)	(a) $5,000,000, where the award is made to the lowest cost bid or proposal (b) $2,000,000, where the award is made to the lowest substantially conforming bid (in the case of invitations to bid) or where the award is made to the most responsive proposal (in the case of requests for proposals) but, in either case, the bid or proposal was not the lowest cost (The clauses above will not apply to awards in respect of sole bids or sole proposals. See Procurement Manual, section 3.3, paragraph 2 (a) (v))
Core requirements for peacekeeping and political missions	$1,000,000

Annex II

Value of proposed procurement awards that require review by local committees on contracts and those that require subsequent review by the Headquarters Committee on Contracts as at 1 March 2011

Office	*Value of contracts that require a review by a local committee on contracts*	*Value of contracts that require subsequent review by the Headquarters Committee on Contracts*
United Nations Office at Nairobi	$200,000	$5,000,000
United Nations Office at Geneva	$200,000	$5,000,000
United Nations Office at Vienna	$200,000	$5,000,000
Field missions and offices administered by the Department of Field Support	Any amount above the delegated authority of the Chief Procurement Officer	$500,000 for non-core requirements and $1,000,000 for core requirements
Regional commissions	Any amount above the delegated authority of the Chief Procurement Officer	▪ Values over $200,000 and up to $500,000 require a review by the Procurement Division only ▪ Values over $500,000 require a review by the Procurement Division and the Headquarters Committee on Contracts
Tribunals	Any amount above the delegated authority of the Chief Procurement Officer	▪ Values over $200,000 and up to $500,000 require a review by the Procurement Division only ▪ Values over $500,000 require a review by the Procurement Division and the Headquarters Committee on Contracts